

LAYAWAY PLAN CONTRACTS

by Texas Attorney General Greg Abbott

WITH THE HOLIDAY SHOPPING RUSH underway, layaway plans provide an alternative for customers who want to buy products and services without using credit or paying the full price immediately. When considering the layaway option, Texas shoppers should ask the seller questions about the layaway plan and the refund policy. A little research before signing a layaway plan contract can help shoppers avoid problems later.

Under a layaway plan, a shopper typically pays a deposit – usually a percentage of the purchase price. The seller holds the merchandise in reserve while the buyer pays over time. The buyer cannot take the merchandise until it is paid in full. Layaway purchase plans are not limited to brick and mortar retail outlets; some online sellers use them as well.

Texas shoppers considering a layaway option should always get the seller's layaway policy in writing. Shoppers should review and understand the plan's terms, including how much time

they have to pay for the merchandise or service, when the payments are due and the minimum payment required.

Shoppers should also ask about interest rates, cancellation fees and any other possible charges they could face under the plan. Shoppers should find out whether there is a fee or penalty for missing or late payments. For example, a seller who receives a buyer's payment after the required due date may cancel the buyer's layaway contract or return the merchandise to inventory.

In addition to questioning the layaway plan's contract terms, shoppers should also inquire about the refund policy. Shoppers should ask whether they can get a refund in the event they decide they don't want the merchandise after making some or all the payments. Buyers should find out ahead of time whether the seller will provide a full refund, charge a non-refundable service fee or offer merchant credit for the amount the buyer paid.

To find out whether other customers have filed complaints against the

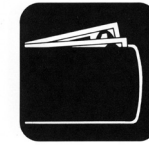
seller, shoppers can contact the Texas Attorney General's Office at (800) 252-8011 or their local Better Business Bureau at www.bbb.org.

Texas shoppers who believe they have been subject to unfair or deceptive trade practices should file a complaint with the Attorney General's Office and retain as much evidence of wrongdoing as possible, including written records such as brochures, advertisements, the layaway contract, records of related transactions and notes about conversations with the seller's representatives.

Texans who relied on a deceptive practice to their detriment also should make every effort to remedy the situation with the seller. They should send a certified, return-receipt letter to the seller outlining the problem and what the seller should do to make the situation right. If that fails, Texans may also consider suing in small claims court or consulting an attorney about civil litigation.

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POINTS TO REMEMBER



LAYAWAY PLANS

When considering a layaway option, Texas shoppers should take several simple steps to protect themselves:

- Always get the seller's layaway policy in writing.
- Review and understand the layaway plan's terms, including the time allowed to pay for the merchandise or service, when the payments are due and the minimum payment required.
- Ask about any possible fees the layaway plan may include and whether the seller imposes a fee or penalty for missing or late payments.
- Inquire about the seller's refund policy.
- Maintain good records to help resolve a dispute with the seller.

The Texas Attorney General's Office may take legal action to enforce state consumer protection laws. To file a consumer complaint, contact:

Texas Attorney General's Office
Consumer Protection Division Hotline
(800) 621-0508
www.texasattorneygeneral.gov



ATTORNEY GENERAL OF TEXAS
GREG ABBOTT